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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte CHARLES ERIC HUNTER,
BERNARD L. BALOU, JR., KELLY C. SPARKS,
and JOHN H. HEBRANK

Appeal 2008-4518
Application 09/707,273
Technology Center 3600

Decided:¹ February 19, 2009

Before HUBERT C. LORIN, JOSEPH A. FISCHETTI, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, begins to run from the decided date shown on this page of the decision. The time period does not run from the Mail Date (paper delivery) or Notification Date (electronic delivery).

STATEMENT OF THE CASE

Charles Eric Hunter, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 40-72. Claims 1-39 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.²

THE INVENTION

The invention relates to music distribution.

Claim 40, reproduced below, is illustrative of the subject matter on appeal.

40. A method comprising:

automatically charging a consumer for a music selection made by the consumer, said charging triggered upon the consumer recording the music selection on a storage medium located at a consumer site.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Schulhof	US 5,572,442	Nov. 5, 1996
McMillen	US 5,483,535	Jan. 9, 1996

² Our decision will make reference to the Appellants' Appeal Brief ("Br.," filed Dec. 26, 2006) and the Examiner's Answer ("Answer," mailed Aug. 6, 2007).

The following rejections are before us for review:

1. Claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 are rejected under 35 U.S.C. § 102(b) as being anticipated by Schulhof.
2. Claims 49, 51, 61, 63, and 72 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Schulhof.
3. Claims 43-47 and 55-59 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Schulhof and McMillen.

ISSUES OF LAW

The first issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 under 35 U.S.C. § 102(b) as being anticipated by Schulhof. The second issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 49, 51, 61, 63, and 72 under 35 U.S.C. § 103(a) as being unpatentable over Schulhof. This issue turns on whether Schulhof describes “automatically charging a consumer ... *upon the consumer recording the music selection* on a storage medium located at a consumer site” (claim 40) (emphasis added).

The third issue before us is whether the Appellants have shown that the Examiner erred in rejecting claims 43-47 and 55-59 under 35 U.S.C. § 103(a) as being unpatentable over Schulhof and McMillen. This issue turns on whether the subject matter of claim 43, which further defines the method described in claim 40 by including steps of “informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer” and “providing a mechanism for the consumer to order said music selection

while at a website of said peer-to-peer music sharing system," (claim 43) would have been obvious to one of ordinary skill in the art given Schulhof and McMillen.

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

Claim construction

1. Claim 40 calls for "automatically charging a consumer for a music selection made by the consumer, said charging triggered upon the consumer recording the music selection on a storage medium located at a consumer site."
2. The Specification does not provide a definition for the claim terms "automatically," "charging," and "triggered."
3. The ordinary and customary meaning of "automatically" is "done without conscious thought or volition, as if mechanically, or from force of habit." (*See Webster's New World Dictionary* 93 (3rd Ed. 1988.)(Entry 1. for "automatically."))
4. The ordinary and customary meaning of "charge" is "to ask payment." (*See Webster's New World Dictionary* 236 (3rd Ed. 1988.)(Entry 2. (vi.) for "charge."))
5. The ordinary and customary meaning of "trigger" is "to initiate (an action)." (*See Webster's New World Dictionary* 1429 (3rd Ed. 1988.)(Entry 2. (vt.) for "trigger."))

The scope and content of the prior art

6. Schulhof relates to the distribution of subscription and on-demand audio program material and "to high speed recording of audio program material from a remote source on a subscription and/or on-demand basis using a portable high capacity audio recording and playback device." Col. 1, ll. 10-13.
7. Schulhof describes an operation whereby a subscriber selects a desired audio program material for recording onto a portable device and where the subscriber "authorizes billing to a credit card or other account" once the subscriber selects the desired audio program material. See col. 5, ll. 5-20:

a Walkman®. Operation of the system is as follows: (1) the subscriber attaches the portable device to a cable television converter and selects a dedicated data exchange channel, e.g., Channel 66, that provides a menu display which includes a catalog of available audio program material; (2) using a two-way feedback selection device, such as the television remote control unit or a touch tone telephone connection to a control center, the subscriber selects the desired audio program material and then authorizes billing to a credit card or other account; (3) high speed data transfer may begin immediately, or it may be deferred as desired (for example, to a time when the television cable is not otherwise in use, e.g., 2:00 A.M.); (4) after data transfer is complete, the portable device may be removed from the base location and taken to a vehicle or other mobile location for playback as desired.

8. McMillen relates to peer-to-peer communications networks.
9. McMillen describes the use of a peer-to-peer communications network as a means for distributing music. Col. 3, ll. 50-61.

Any differences between the claimed subject matter and the prior art

10. With respect to claim 43, it combines the step of "informing [a] consumer that [a] music selection is available for purchase" with the use of a peer-to-peer network that separately disclosed in Schulhof and McMillen. Claim 43 also requires a mechanism for ordering a music selection at a website. The cited references do not disclose the use of a website.

The level of skill in the art

11. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of ordering music. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'" (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985))).

Secondary considerations

12. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Anticipation

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987).

Obviousness

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S. Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 17-18.

ANALYSIS

The rejection of claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 under § 102(b) as being anticipated by Schulhof.

The Appellants argued claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 as a group (Br. 5-8). We select claim 40 (*see supra*) as the representative claim for this group, and the remaining claims 41, 42, 48, 50, 52-54, 60, 62, and 64-71 stand or fall with claim 40. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

A determination that a claim is anticipated under 35 U.S.C. § 102(b) involves two analytical steps. First, the Board must interpret the claim language, where necessary. Because the PTO is entitled to give claims their broadest reasonable interpretation, our review of the Board's claim construction is limited to determining whether it was reasonable. *In re Morris*, 127 F.3d 1048, 1055 (Fed. Cir. 1997). Secondly, the Board must compare the construed claim to a prior art reference and make factual findings that "each and every limitation is found either expressly or inherently in [that] single prior art reference." *Celeritas Techs. Ltd. v. Rockwell Int'l Corp.*, 150 F.3d 1354, 1360 (Fed. Cir. 1998).

In re Crish, 393 F.3d 1253, 1256 (Fed. Cir. 2004) (footnote omitted).

Given the ordinary and customary meanings of the claim terms "automatically," "charging," and "triggered," the broadest reasonable construction of the method of claim 40 in light of the Specification as it would be understood by one of ordinary skill in the art is that it encompasses someone or something asking, without conscious thought, payment from a consumer for a music selection, where the request for payment is initiated upon the consumer recording the music selection on a storage medium located at a consumer site. FF 1-5.

Turning now to Schulhof, it describes a method whereby a subscriber attaches a portable device to a cable television converter and selects a channel that provides a menu which includes a catalog of available audio

program material from which the subscriber may select a desired audio program material (via a remote control unit), whereupon the audio program material is recorded on the subscriber's portable device, which is a storage medium at a consumer site. FF 7. Schulhof thus expressly describes all the limitations of the claimed method except for “automatically charging [the] consumer ... *upon the consumer recording the music selection* on a storage medium located at a consumer site.” (Emphasis added.)

According to Schulhof, the subscriber “*authorizes billing* to a credit card or other account” once the subscriber selects the desired audio program material. FF 9. Schulhof does not explicitly state, however, when the consumer is actually billed and, concomitantly, when the subscriber is actually asked for payment.

One of ordinary skill in the art readily understands that once a consumer authorizes billing to a credit card for payment of the purchase of a product, the credit card will normally be automatically charged and that that automatic charge will be effected either at the time of authorization or soon thereafter. This is a natural result that flows from an authorization to bill a credit card. “[A] limitation or the entire invention is inherent and in the public domain if it is the ‘natural result flowing from’ the explicit disclosure of the prior art.” *Schering Corp. v. Geneva Pharms.*, 339 F.3d 1373, 1379 (Fed. Cir 2003).

In our view, in describing that the subscriber “*authorizes billing* to a credit card or other account” once the subscriber selects the desired audio program material, Schulhof necessarily, and thus inherently, includes a step whereby the credit card is automatically charged either at the time of authorization or soon thereafter. One of ordinary skill in the art reading

Schulhof would readily understand that once the subscriber "*authorizes billing* to a credit card or other account" upon selecting the desired audio program material to be recorded, the credit card would be automatically charged either at the time of authorization, i.e., upon selecting the desired audio program material to be recorded, or soon thereafter, i.e., "upon the consumer recording the music selection on a storage medium located at a consumer site" (claim 40).

Thus, we agree with the Examiner that the aspect of the claimed method whereby a consumer is charged upon recording of a music selection is "inherent to the cable system taught by Schulhof" (Answer 8). We find that the Examiner has made out a prima facie case of anticipation for the claimed subject matter given Schulhof.

The Appellants' sole argument is that Schulhof

is silent on how and when the consumer is charged or billed for these orders [i.e., the selected audio program material]. In fact, Schulhof at al. teaches or suggests that the consumer is charged at the time of ordering, as opposed to "upon the consumer recording the music selection on a storage medium located at a consumer site," according to claim 40.

Br. 6. We are not persuaded by this argument as to error in the rejection. As we have explained, in describing that the subscriber "*authorizes billing* to a credit card or other account" once the subscriber selects the desired audio program material, Schulhof necessarily, and thus inherently, includes a step whereby the credit card is automatically charged either at the time of authorization or soon thereafter. When the credit card is automatically charged soon after the billing of the credit card is authorized, the automatic

charge would occur "*upon* the consumer recording the music selection on a storage medium located at a consumer site" (claim 40) (emphasis added). While Schulhof is silent on how or when the consumer is charged or billed for orders of selected audio program material to be recorded on a portable device, the automatic charging of a credit card at the time of billing authorization or soon thereafter is a common business practice inherent to the Schulhof operation.

The law of anticipation does not require that the reference "teach" what the subject patent teaches. Assuming that a reference is properly "prior art," it is only necessary that the claims under attack, as construed by the court, "read on" something disclosed in the reference, i.e., all limitations of the claim are found in the reference, or "fully met" by it.

Kalman v. Kimberly-Clark Corp., 713 F.2d 760, 772 (Fed. Cir. 1983).

Accordingly, we find the Appellants' argument unpersuasive as to error in the rejection of claim 40. We reach the same conclusion as to the rejection of claims 41, 42, 48, 50, 52-54, 60, 62, and 64-71 which stand or fall with claim 40. As a result, we affirm the rejection under § 102(b) of these claims over Schulhof.

The rejection of claims 49, 51, 61, 63, and 72 under § 103(a) as being unpatentable over Schulhof.

The Appellants' sole argument against the rejection of claims 49, 51, 61, 63, and 72 is that Schulhof does not teach or suggest the claim limitation "upon a recording by the consumer of the music selection on a storage medium located at a consumer site." Br. 8-9. We addressed this argument *supra*. For the foregoing reasons, we do not find this argument persuasive as

to error in the rejection of claims 49, 51, 61, 63, and 72 and thus we will sustain the rejection of these claims

The rejection of claims 43-47 and 55-59 under § 103(a) as being unpatentable over Schulhof and McMillen.

Against the rejection of all claims 43-47 and 55-59, the Appellants argue that Schulhof does not teach or suggest the claim limitation "upon a recording by the consumer of the music selection on a storage medium located at a consumer site." Br. 8-9. We addressed this argument *supra*. For the foregoing reasons, we do not find that argument persuasive as to error in the rejection of these claims.

Claim 43

The Appellants make a separate argument for patentability of claim 43. Br. 9-10.

Claim 43 depends on claim 40, further defining the method described in claim 40 as including steps of "informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer" and "providing a mechanism for the consumer to order said music selection while at a website of said peer-to-peer music sharing system."

The Examiner found that Schulhof did not disclose a peer-to-peer music sharing system but relied on McMillen to show such a system, concluding that

[i]t would have been obvious to one of ordinary skill in the art at the time of the invention to combine Schulhof et al., and McMillen et al.

teachings to suggest that product/system/method's taking place in a peer-to-peer environment because this environment fit with distributing music among different parties for one copy of requested music

Answer 5-6.

The Appellants agree that McMillen discloses a peer-to-peer network but argued that, with respect to McMillen

there is no description of "informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system." This "informing the consumer," would be, for example, to give the consumer the option to purchase the music rather than proceed with procuring the music selection on a peer-to-peer sharing system. In fact ... the network described in McMillen is described for use in music synthesis, rather than music selection.

Br. 9-10. The Appellants also argued that "[t]here is no description in McMillen of a 'music selection' that 'is about to be made at a peer-to-peer music sharing system ...'." Br. 10.

The Examiner responded to this argument as follows:

[as to music selection using a peer-to-peer network] these features are suggested by cited evidences in Final Office Action (a selection was done by Schulhof, and McMillen taught that selection can be distributed with a peer-to-peer network; about "informing the consumer that selection is available" is suggested by Schulhof as teaching of interactive communication abilities.

Answer 10.

We agree with the Examiner.

First, the Appellants' attack on McMillen fails to appreciate the Examiner's application of the combination of prior art references as a whole. The Appellants have not addressed the combination of prior art references *as a whole* but simply improperly argues the merits of McMillen separate from and without taking into account the disclosure of Schulhof. *See In re Keller*, 642 F.2d 413, 425 (CCPA 1981); *In re Young*, 403 F.2d 754, 757-58 (CCPA 1968).

Second, the Appellants' argument that McMillen does not describe "informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system" does not appreciate the fact that the claim conditions the "informing" step on the music selection being "about to be made at a peer-to-peer music sharing system." The claim encompasses the situation where *no* music selection "is about to be made at a peer-to-peer music sharing system." In that situation, there is no requirement that the consumer be informed about a music selection available for purchase and thus, in light of the scope of the claim, it is not necessary to look to McMillen for a disclosure of "informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system."

Third, notwithstanding that claim 43 is not limited to requiring the "consumer [to be informed] that the music selection is available for purchase if said music selection is about to be made," Schulhof necessarily informs the consumer about a music selection about to be made because it describes a menu which includes a catalog of available audio program material from which the subscriber may select a desired audio program material. *See* FF 7.

Also, it would have been obvious to substitute McMillen's peer-to-peer system for Schulhof's cable system as the means for supplying the music selection." [W]hen a patent claims a structure already known in the prior art that is altered by the mere substitution of one element for another known in the field, the combination must do more than yield a predictable result," *KSR* at 1739-40. In that regard, the Appellants have not presented sufficient evidence of an unpredictable result of using a peer-to-peer system (as in McMillen) rather than a cable system (as in Schulhof) as the means for providing a music selection whose availability for purchase a consumer is to be informed of.

We note that claim 43 calls for the music selection to be made "while at a *website* of said peer-to-peer music sharing system" (emphasis added) but that the cited references do not mention a website. This is so because Schulhof and McMillen are based on applications filed at a time when the use of websites was just beginning to capture public interest. Given the ubiquity of websites and the known benefit of using them to deliver content to personal computers at the time of this invention, modernizing Schulhof so that its menu of available audio program material would be made available via a website would have been well within the knowledge of those of ordinary skill in the art at the time of the invention. *Cf. Leapfrog Enterprises Inc. v. Fisher-Price Inc.*, 485 F.3d 1157, 1163 (Fed. Cir. 2007)

to update it using modern electronic components in order to gain the commonly understood benefits of such adaptation, such as decreased size, increased reliability, simplified operation, and reduced cost The combination is thus the adaptation of an old idea or invention . . . using newer technology

that is commonly available and understood in the art.

Id. at 1162.

Accordingly, the combination of the steps of "informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer" and "providing a mechanism for the consumer to order said music selection while at a website of said peer-to-peer music sharing system" would have been obvious to one of ordinary skill in the art given Schulhof and McMillen at the time of the invention.

Claims 58 and 59

The Appellants make a further argument for the patentability of claims 58 and 59. Br. 10-11. The argument is that these claims "are allowable for the same reasons presented above as for claims 46 and 47." Br. 10. But no separate reasons are given in the Brief for challenging the rejection of claims 46 and 47. Claims 46 and 47 depend on claim 43. Accordingly, presumably, the Appellants are relying on the arguments made against the rejection of claim 43 in challenging the rejection of claims 46 and 47 and, by extension of the Appellants' argument, claims 58 and 59. Since, for the foregoing reasons, we did not find the Appellants' arguments persuasive as to error in the rejection of claim 34, we reach the same conclusion as to the arguments when applied to the rejection of claims 58 and 59.

Claims 44-47 and 55-57

The Appellants do further specifically address the merits of the rejection of the remaining claims 44-47 and 55-57. All these claims depend from claim 43. Accordingly, we sustain the rejection as to these claims for the reasons already explained.

CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 under 35 U.S.C. §102(b) as being anticipated by Schulhof; claims 49, 51, 61, 63, and 72 under 35 U.S.C. § 103(a) as being unpatentable over Schulhof; and, claims 43-47 and 55-59 under 35 U.S.C. §103(a) as being unpatentable over Schulhof and McMillen.

DECISION

The decision of the Examiner to reject claims 40-72 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

Appeal 2008-4518
Application 09/707,273

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